TWO DOLLARS

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RV BUSINESS

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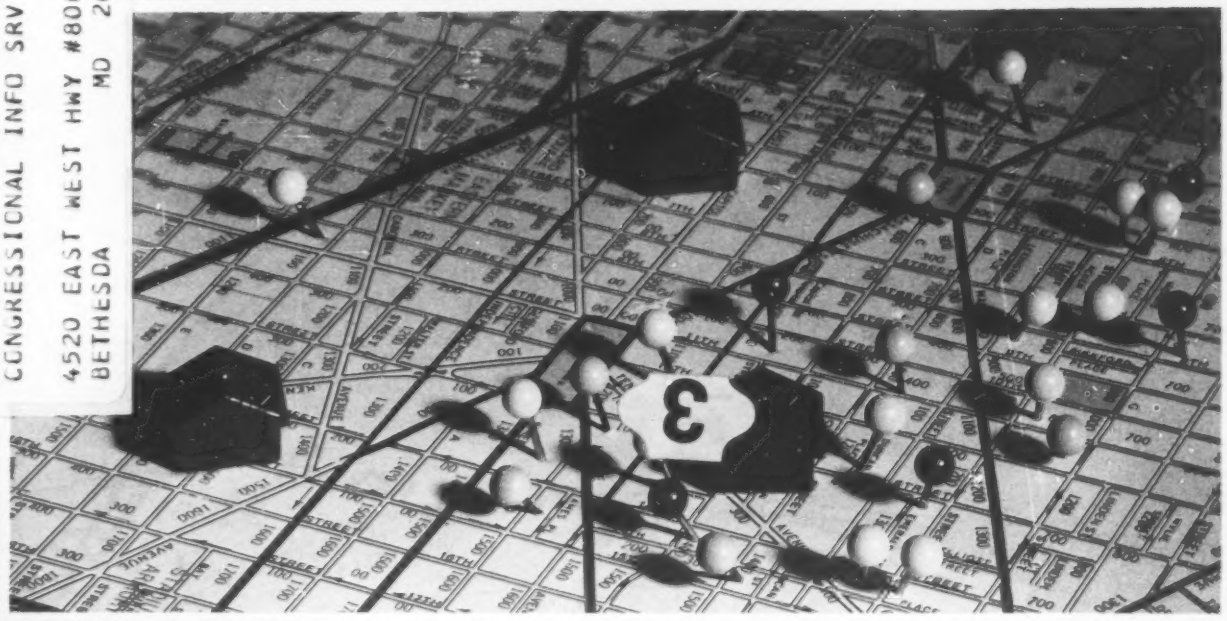

DEVELOPING A DEALERSHIP SITE: Some simple tools can help dealers analyze their locations to improve sales and advertising strategies. See page 20.

NHTSA Starts On-site Weighing of Micro-minis

The National Highway Traffic Safety Administration (NHTSA) has announced that it is taking its defect investigation of micro-minimotorhomes into the field with a program of on-site motorhome weighing at campgrounds and dealers' lots.

According to a government source, the aim of the program is to accumulate data concerning load characteristics of micro-minis and to compare those figures with the dry weights published in sales literature distributed by micro-minimotorhome manufacturers.

"We are getting a lot of conflicting stories from manufacturers, who claim that they build their units at a certain weight that does not overload the chassis," said the government spokesman. "They argue that those units leave the factory with adequate payload capacity, and that it is the dealer and consumer who must share the responsibility for any possible overloading problems. So we are going to go out to selected campgrounds on the West Coast and in the Midwest to weigh micros. We are also going to go to dealers' lots in those areas and weigh any micro-minis that are being offered for sale."

A NHTSA spokesman added that the agency plans to urge micro-mini owners to have their rigs weighed and to submit those figures to the agency for comparison with the data gathered in the field. "We want to have as much documentation as possible as our investigation proceeds," he said.

The current NHTSA effort is similar to a field program initiated during the Class C-overloading investigations conducted more than a decade ago. It is the latest step in the government's ongoing micro-mini probe, which began last year. Δ—*Robert Longsdorf Jr.*

Van Conversion Owners Profiled By RVIA Study

As pa[r]t [o]f RVIA's recently expanded [s]erve the large van-conv[e]rsion segment of the RV indust[r]y, the association has released a [p]rofile of van-conversion bu[y]ers.

According to a study prepared by the public relations firm of Burson-Marsteller, the typical van-conversion owner is middle-aged and has above-average income and family size. He or she also likes to travel, enjoys outdoor recreation and shares many other traits with the traditional RVer.

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COVER PHOTO: DARRYL GRAY

LOOKING AHEAD USING A REARVIEW MIRROR

MORTON J. MARCUS

Business is thought to be a pragmatic and methodical activity. Yet those who have been in it for any length of time will tell you that business involves skills normally thought to be reserved for the arts.

In business, we have to be able to see what is before us by looking behind us—and then interpret that information based on our experience and understanding of the marketplace. The entire process is similar to driving a race car in the Indianapolis 500 by looking in the rearview mirror.

For example, in the month of May, RVIA reported that total shipments totaled 37,800 RV units, which was *down* 2,600 units, or 6%, from the April numbers. These figures need to be seen through the eyes of our experience with the normal seasonal pattern of RV shipments. When adjusted for normal seasonal variations, the May shipment figures came in at 31,840—a figure that was *up* from the April total, even if only by 280 units, or 1%. (See Figure 1.)

This means that total shipments in May performed better than usual as the industry came off the traditionally high-shipments month of April. The apparent decline is thus seen as an improvement about which we can feel pleased.

May 1987 was the fourth consecutive month of improved shipments compared to the same months in 1986. For the year-to-date, total shipments were running more than 4,300 units ahead of 1986, an improvement of 2.7%. At that rate, 1987 will conclude with 401,300 units shipped.

The same method of extrapolation or simple projection can be used to determine 1987 shipments by type of unit, as shown in Figure 2. Of course, these numbers are just simple projec-

FIGURE 1

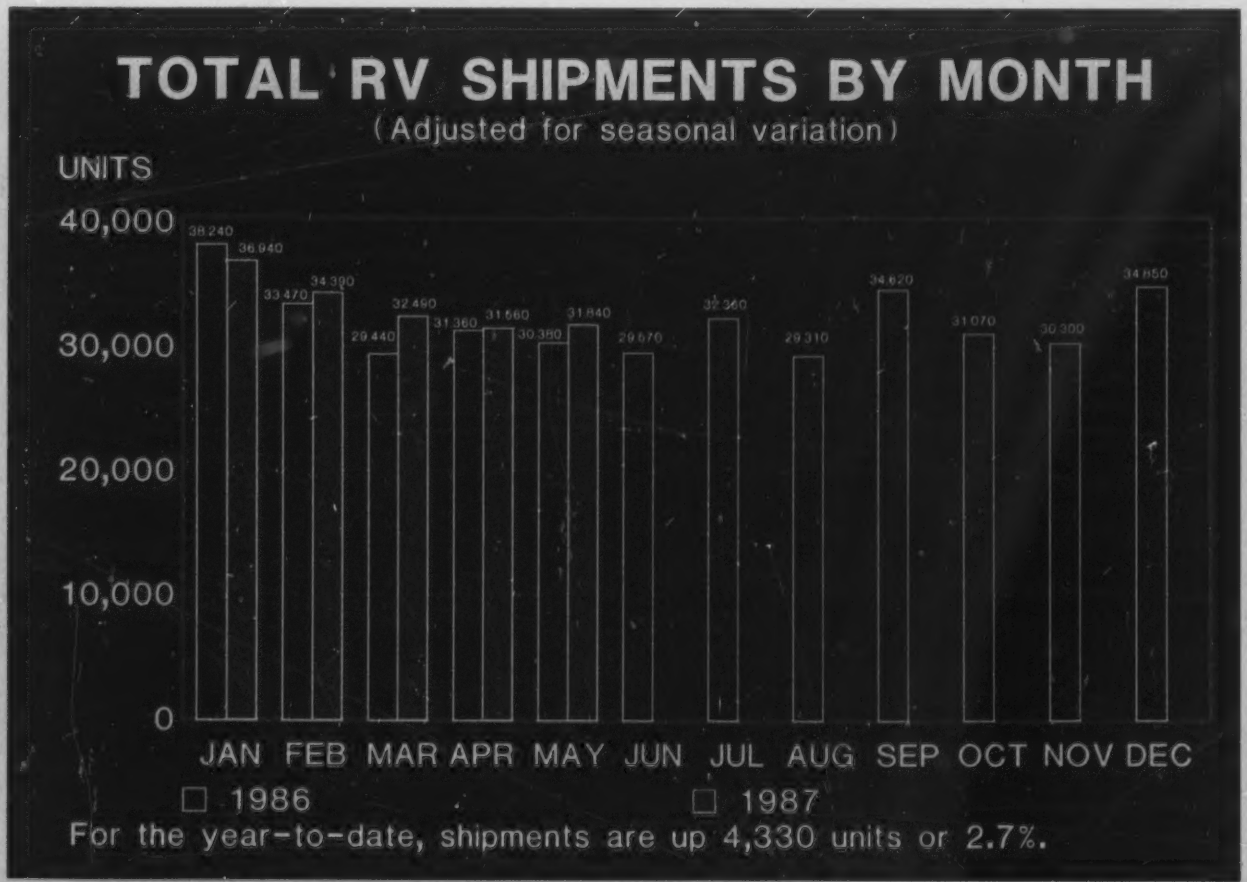

FIGURE 2

PROJECTED RV SHIPMENTS FOR 1987

TOTAL RVs	401,300
Travel Trailers:	
Conventional	60,700
Park Models	6,500
Fifth-wheels	25,400
Folding Camping Trailers	38,900
Truck Campers	10,600
Motorhomes:	
Class A	36,200
Class B Van Campers	6,000
Class C	
Mini	19,400
Low Profile	2,400
Micro-mini	4,300
Multi-use Van Conversions	191,000

Detail may not add to total because of rounding.

FIGURE 3

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE:	MAY 1987	PERCENT CHANGE FROM APR	YEAR-TO-DATE 1987	1986	PERCENT CHANGE
TOTAL RVs					
Travel Trailers:					
Conventional					
Park Models					
Fifth-wheels					
Folding Camping Trailers					
Truck Campers					
Motorhomes:					
Class A					
Class B Van Campers					
Class C:					
-Mini					
-Low Profile					
-Micro-mini					
Multi-use Van Conversions	15,582	6.8	78,610	82,020	-4.1

Detail may not add to total because of rounding.

tions based on the results of the first five months of the year; they are not a forecast based on economic conditions either in the nation or the industry.

The Detailed View

The industry improvement of May was larger by comparison with the same month a year ago. As noted, when compared to April of this year, the progress was slight.

Figure 3 shows that only four of the 11 unit types actually indicated an improvement in May over the April figures. Class C low-profile units led the way with a 10.8% improvement on small volume. They were followed by van conversions, with a 6.8% increase. Folding camping trailers and Class A motorhomes also showed gains for the month.

Other types of units all showed shipment declines. And three unit types had monthly declines of 25% or more: park models, Class B motorhomes and Class C micro-minis. All of these are low-volume entries in the market so that such major changes are not infrequent events.

For the year-to-date, seven of the 11 unit types turned in stronger performances than they did for the first five months of 1986. Truck-camper shipments were up by nearly 1,400 units, or 46%, from a year ago. Class A motorhomes took a lead of nearly 2,300 units, or 18%, over last year's pace.

The remaining gainers shown in Figure 3 had improvements of 3% to 10% in shipments compared to a year ago.

The 1987 losers as of May were van conversions, which continued to run behind a year ago, although the gap has been closing—slowly. In April, van-conversion shipments were 3,930 units behind a year ago; by May, they were 3,420 units short of May 1986. In other words, this RV type caught up by 510 units in May for a 13% reduction of the year-to-date gap existing in April.

FIGURE 4

MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation)

TYPE	1986	1985	PERCENT CHANGE
Travel Trailers:			
Conventional	15.1	14.2	+0.9
Park Models	1.6	2.0	−0.4
Fifth-wheels	6.4	6.0	+0.4
Folding Camping Trailers	9.7	9.2	+0.5
Truck Campers	2.6	1.8	+0.8
Motorhomes:			
Class A	9.0	7.9	+1.1
Class B Van Campers	1.5	1.5	None
Class C			
Mini	4.8	4.6	+0.2
Low Profile	.6	.8	−0.2
Micro-mini	1.1	1.2	−0.1
Multi-use Van Conversions	47.6	51.0	−3.4

Detail may not add to total because of rounding.

Market Shares

The weakened performance of van conversions has led to gains in the market shares of other types of RVs. While van conversions dropped 3.4 points of market share in May, Class A motorhomes gained 1.1 points and travel trailers as a whole (conventionals, park models and fifth-wheels) gained 1 point. Lesser gains were made by other types of units as well. (See Figure 4.)

Market shares are important for suppliers who serve the entire industry, but they are of less consequence for manufacturers, who do not see other types of RVs as competing with their own product lines. One of the ongoing issues in the industry is whether van conversions are direct substitutes for any other types of RV units. That is a controversy likely to last even longer than the congressional hearings on the Iran-Contra connection. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.